

Consensus Revenue Agreement

Executive Summary

October 14, 2003

Economic and Revenue Forecasts

Fiscal Years 2003 and 2004



Principals

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Table 1
Consensus Economic Forecast

October 2003

	Calendar 2001 Actual	Calendar 2002 Actual	Percent Change from Prior Year	Calendar 2003 Forecast	Percent Change from Prior Year	Calendar 2004 Forecast	Percent Change from Prior Year
United States							
Real Gross Domestic Product (Billions of Chained 1996 Dollars)	\$9,215	\$9,440	2.4%	\$9,676	2.5%	\$10,034	3.7%
Implicit Price Deflator GDP (1996 = 100)	109.4	110.7	1.1%	112.2	1.4%	113.9	1.5%
Consumer Price Index (1982-84 = 100)	177.1	179.9	1.6%	184.0	2.3%	188.0	2.2%
Personal Consumption Deflator (1996 = 100)	109.6	111.1	1.4%	113.1	1.8%	114.9	1.6%
3-month Treasury Bills Interest Rate (percent)	3.5	1.6		1.0		1.4	
Aaa Corporate Bonds Interest Rate (percent)	7.1	6.5		5.6		5.4	
Unemployment Rate - Civilian (percent)	4.7	5.8		6.1		6.1	
Light Vehicle Sales (millions of units)	17.0	16.7	-1.9%	16.5	-1.2%	16.6	0.6%
Passenger Car Sales (millions of units)	8.4	8.1	-4.0%	7.7	-4.7%	7.6	-1.3%
Light Truck Sales (millions of units)	8.6	8.6	0.2%	8.8	2.1%	9.0	2.3%
Import Share of Light Vehicles (percent)	18.1	19.7		20.2		19.5	
Michigan							
Wage and Salary Employment (thousands)	4,556	4,476	-1.8%	4,427	-1.1%	4,453	0.6%
Unemployment Rate (percent)	5.3	6.2		7.1		7.1	
Personal Income (millions of dollars)	\$296,481	\$303,745	2.5%	\$313,769	3.3%	\$325,692	3.8%
Real Personal Income (millions of 1982-84 dollars)	\$170,001	\$169,785	-0.1%	\$171,612	1.1%	\$174,812	1.9%
Wages and Salaries (millions of dollars)	\$173,299	\$173,529	0.1%	\$177,346	2.2%	\$182,844	3.1%
Detroit Consumer Price Index (1982-84 = 100)	174.4	178.9	2.6%	182.8	2.2%	186.3	1.9%

Table 2
October 2003 Consensus Agreement
(millions)

Net Revenue Estimates							
	FY 2002	FY 2003		Change	FY 2004		Change
	Actual	May 2003 Consensus	Oct 2003 Consensus	From May	May 2003 Consensus	Oct 2003 Consensus	From May
Net GF-GP Revenue	\$8,427.0	\$8,083.8	\$7,885.2	(\$198.6)	\$8,158.7	\$7,785.4	(\$373.3)
Growth	-6.26%	-4.07%	-6.43%		0.93%	-1.27%	
Net SAF Revenue	\$10,133.9	\$10,765.7	\$10,661.7	(\$104.1)	\$10,749.0	\$10,527.3	(\$221.7)
Growth	1.40%	6.23%	5.21%		-0.16%	-1.26%	

Revenue Limit Calculation			
	FY 2002	FY 2003	FY 2004
Personal Income	\$289,390	\$297,609	\$303,745
Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$27,463.1	\$28,243.1	\$28,825.4
Revenue Subject to Limit	\$23,546.0	\$23,609.5	\$23,479.0
Amount Under (Over) Limit	\$3,917.1	\$4,633.6	\$5,346.4

Note: CY 2000 Personal Income is used for the FY 2002 revenue limit calculation, CY 2001 for FY 2003, and CY 2002 for FY 2004.

Budget Stabilization Fund Calculation		School Aid Fund Index	
BSF Withdrawal Available For FY 2002-2003	\$31.5	Revenue Adjustment Factor	1.0139
BSF Pay-In Not Indicated for FY 2003-2004	\$0.0	Membership Adjustment Factor	0.9979
		Foundation Allowance Index	1.0118